

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,  
*et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

*(Jointly Administered)*

**Re: ECF No. 22038**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

as representative of

PUERTO RICO ELECTRIC POWER  
AUTHORITY,

Debtor.

PROMESA

Title III

No. 17 BK 4780-LTS

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL  
ADVISORY AUTHORITY'S STATUS REPORT  
REGARDING THE IMPACT OF HURRICANE FIONA AND  
THE GOVERNMENT OF PUERTO RICO'S RESPONSE**

To the Honorable United States District Judge Laura Taylor Swain:

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<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801).

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), through its undersigned counsel, submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the “Government”) to update the Court on certain matters related to Hurricane Fiona and the Government’s response to it:

### **PRELIMINARY STATEMENT**<sup>2</sup>

Almost exactly five years after Hurricanes Irma and Maria caused widespread devastation to Puerto Rico, Hurricane Fiona made landfall on the southwestern part of the Island. Hurricane Fiona hit Puerto Rico with winds exceeding 100 miles per hour in some areas and historic amounts of rain, with some areas being deluged with over twenty-five inches of rain just during Fiona’s first twenty-four hours. These winds and rain caused (and continue to cause) catastrophic floods, landslides, and damage Island-wide. Moreover, Hurricane Fiona caused a complete power outage in Puerto Rico, which in turn led to water service interruptions for over 778,000 Puerto Rico residents.<sup>3</sup>

Hurricane Fiona wreaked havoc in the Island for forty-eight hours. Substantial rainfall continued to fall today, continuing the historic flooding levels. The Government urged residents to remain in their homes or shelters, and suspended classes for public school students. Only essential public employees were required to report to their place of work.

The Government anticipates that most public utility services can be restored by tomorrow for areas that did not receive damage, and that the public school system will gradually reopen over

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<sup>2</sup> Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico’s Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the “August Report”) [ECF No. 21855].

<sup>3</sup> See El Nuevo Día, MÁS DE 778,000 CLIENTES ESTÁN SIN SERVICIO DE AGUA POTABLE TRAS EL PASO DEL HURACÁN FIONA, (September 19, 2022), <https://www.elnuevodia.com/noticias/locales/notas/mas-de-778000-clientes-estan-sin-servicio-de-agua-potable-tras-el-paso-del-huracan-fiona/>

the next few days as each school is inspected. In close collaboration with Federal Emergency Management Agency (“FEMA”) and other federal agencies, the Government is currently assessing and estimating the full extent of the damage caused by Hurricane Fiona. As of this morning, power and water services are being gradually restored, with approximately 20% of electric and 40% of water services having been reestablished. In the hurricane’s immediate aftermath, the Government is concentrating its efforts on safeguarding the safety and well-being of Puerto Rico’s residents, providing accurate and timely information, and effectively managing this emergency.

As this Court knows, Puerto Rico has experienced a historic number of natural disasters in recent years, which not only exposed the Island’s inherent vulnerabilities, but also shined a light on the people of Puerto Rico’s unbelievable resilience in the face of adversity. The Government is confident that Puerto Rico will recover from this hurricane’s devastation, as well. To ensure such recovery, the Government is working closely on recovery efforts with multiple federal and Commonwealth agencies, including FEMA and the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), members of Congress, different states, private sector stakeholders, non-profit entities, and Puerto Rico’s mayors. These efforts are detailed below.

### **Government Response**

1. On September 17, 2022, in preparation for the passing of the Hurricane, Governor Pedro Pierluisi (the “Governor”) issued an Executive Order declaring a state of emergency.<sup>4</sup> On that same date, LUMA Energy (“LUMA”) announced that “crews, resources and materials are positioned across the island, and that crews are responding and will continue to respond as quickly and safely as possible to severe weather and significant power outages throughout the weekend of

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<sup>4</sup> See El Nuevo Día, PEDRO PIERLUISI DECLARA ESTADO DE EMERGENCIA A NIVEL ESTATAL POR EL PASO DE LA TORMENTA FIONA, (September 17, 2022), <https://www.elnuevodia.com/noticias/gobierno/notas/pedro-pierluisi-declara-estado-de-emergencia-a-nivel-estatal-por-el-paso-de-la-tormenta-fiona/>

September 17-18, 2022.”<sup>5</sup> In addition, LUMA announced that “its Emergency Operations Center is fully operational and coordinating directly with LUMA’s Regional Operation Centers, local municipalities and utility crews across the island to support customers impacted by the storm.”<sup>6</sup>

2. In preparation for the Hurricane, the Oversight Board also authorized the Government to access the Emergency Reserve for expenses related to the response to the Hurricane.

3. On September 18, 2022, upon Governor Pierluisi’s request, President Joseph R. Biden, Jr. declared a state of emergency for Puerto Rico as a result of Hurricane Fiona and ordered federal assistance to supplement local response efforts due to the emergency conditions.<sup>7</sup> President Biden’s declaration authorizes the Department of Homeland Security and FEMA “to coordinate all disaster relief efforts which have the purpose of alleviating the hardship and suffering caused by the emergency on the local population, and to provide appropriate assistance for required emergency measures . . . to save lives and to protect property and public health and safety, and to lessen or avert the threat of a catastrophe in all 78 municipalities in the Commonwealth of Puerto Rico.”<sup>8</sup>

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<sup>5</sup> See Press Release, The White House, President Joseph R. Biden, Jr. Approves Puerto Rico Emergency Declaration, (September 18, 2022), <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/09/18/president-joseph-r-biden-jr-approves-puerto-rico-emergency-declaration/>

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See Press Release, The White House, President Joseph R. Biden, Jr. Approves Puerto Rico Emergency Declaration, (September 18, 2022), <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/09/18/president-joseph-r-biden-jr-approves-puerto-rico-emergency-declaration/>

<sup>8</sup> *Id.*

4. The Governor also held a telephone conference with President Biden to discuss the needs of the people of Puerto Rico in the wake of Hurricane Fiona.<sup>9</sup> President Biden offered to provide increased support to assist in the Island's recovery.<sup>10</sup> As part of President Biden's support to the people of Puerto Rico, FEMA administrator Deanne Criswell will be traveling to Puerto Rico today to meet with state and local officials and impacted citizens.<sup>11</sup> The Government appreciates the Federal response.

5. During and following the passing of Hurricane Fiona, the Governor has held multiple press conferences to inform the public and the press on the Government's ongoing response to the aftermath of this devastating hurricane. Yesterday, the Governor announced that Hurricane Fiona caused floods and landslides in areas that had historically never suffered from flooding or landslides. He also noted that some parts of Puerto Rico received even more rainfall than during Hurricane Maria. The rain caused catastrophic damage to the southern, southwestern, mountain, and northern coast regions in particular.

6. The Government's response to Hurricane Fiona includes integrated, cooperative efforts with multiple agencies (both state and federal), municipalities, and private sector entities. It has devoted substantial resources to saving the lives of people in emergency situations caused by sudden floods, landslides, and building collapses, and on restoring the electricity services by working in tandem with LUMA and PREPA.<sup>12</sup> In addition—and further highlighting the

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<sup>9</sup> See Press Release, The White House, Readout of President Joe Biden's Call with Governor Pedro Pierluisi (September 19, 2022) <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/19/readout-of-president-joe-bidens-call-with-governor-pedro-pierluisi/>

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> See El Nuevo Día, PEDRO PIERLUISI CATALOGA LOS DAÑOS CAUSADOS POR EL HURACÁN FIONA COMO “CATASTRÓFICOS”, (September 18, 2022), [https://www.elnuevodia.com/noticias/gobierno/notas/pedro-pierluisi-cataloga-los-danos-causados-por-el-huracan-fiona-como-catastroficos/?cx\\_testId=7&cx\\_testVariant=cx\\_1&cx\\_artPos=4#cxrecs\\_s](https://www.elnuevodia.com/noticias/gobierno/notas/pedro-pierluisi-cataloga-los-danos-causados-por-el-huracan-fiona-como-catastroficos/?cx_testId=7&cx_testVariant=cx_1&cx_artPos=4#cxrecs_s)

cooperative nature of its reconstruction and assistance efforts—the Government created the Puerto Rico Emergency Portal System (“PREPS”); a unified database that provides constant data regarding (i) the status of the restoration of the electric energy service, (ii) availability of shelters, (iii) status of telecommunication systems, (iv) national security concerns, and (v) emergency contacts, among other information.<sup>13</sup>

7. In the wake of Hurricane Fiona, the Government expeditiously commenced the process of assessing the magnitude of damages caused by the natural disaster. It is devoting significant resources, including over 600 active National Guard soldiers, for rescue and recovery operations aimed primarily at saving lives and restoring utility services to critical areas such as hospital facilities.

8. During yesterday’s press conference, the Governor announced that the Government is directing all government, municipal, and private entity resources to assisting with recovery efforts in affected areas, that the Government is constantly communicating with the Biden administration and the governors of certain states, such as New York, New Jersey and California, who have all committed to the local response and recovery efforts. The Government and LUMA also announced that, as of that date:

- i. LUMA had restored the electric energy services to over 100,000 residents, which number was expected to gradually increase;
- ii. approximately 30% of PRASA clients had service, and that the interruption of the same was caused by, among other things, the lack of electric energy to operate the water pumps and the severe effects of the heavy rainfall on the aqueduct systems;
- iii. the electric services restoration plan will entail a gradual process by which it is estimated that, within a few days, the majority of residents are expected to have their services restored, provided, however, that priority will be given to health facilities, telecommunication facilities, shelters and PRASA water pumps, among others;

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<sup>13</sup> See <https://www.preps.pr.gov/>

- iv. LUMA has over 60 employees expected to arrive in the Island on September 19, 2022, 30 expected on September 20, 2022 and over 200 on call;
- v. 128 shelters were habilitated in all municipalities, sheltering 2,146 residents and 254 pets throughout 113 shelters, with school cafeterias providing food in such shelters;
- vi. the National Guard had conducted over 30 rescues as of that date, with over 1,000 residents being rescued in 25 municipalities;
- vii. the Government remains in constant communications and coordination with FEMA to respond to emergency situations, with over 400 officials exclusively dedicated to the same, noting that FEMA has 4 warehouses with a substantial amount of food and water;
- viii. all medical facilities were operating with energy generators, with the exception of diagnostic and treatment centers in Cabo Rojo and Guánica;
- ix. the Governor issued an executive order to activate the Good Samaritan Act, providing state immunity to medical staff providing assistance; and
- x. the Department of Health was also coordinating to assure that medication for Puerto Rico residents were available, and to provide such medication directly to shelters, and that the Puerto Rico Health Insurance Administration (“ASES” for its initials in Spanish) issued a provisional order so that the dispatching of medication would not require the signature of a primary physicist.

9. As part of the Government’s commitment to assisting Island residents during this ongoing emergency, the Puerto Rico Treasury Department issued Administrative Order 22-07, which establishes an exemption on the sales and use tax (“SUT”) for prepared food items from September 22, 2022 through and including October 6, 2022.<sup>14</sup>

10. Earlier today, the Government held a press conference to continue to provide an update on its response to the Hurricane. Among the main points, the Governor announced that:

- i. Government employees are expected, conditions permitting, to return to their work tomorrow, to ensure the continuity of Government services;
- ii. the Government, in coordination with the Department of Education, is inspecting each public school and expects that they will begin reopening gradually over the next few days;

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<sup>14</sup> See El Nuevo Día, EL GOBIERNO ELIMINA DE FORMA TEMPORERA EL PAGO DEL IVU EN LA COMPRA DE ALIMENTOS PREPARADOS, <https://www.elnuevodia.com/noticias/gobierno/notas/eliminan-de-forma-temporera-el-pago-del-ivu-en-la-compra-de-alimentos-preparados/>

- iii. the Governor is submitting today a declaration of a major disaster in Puerto Rico to President Biden;
- iv. as of this morning, 92 shelters remain operating, with approximately 1,223 individuals taking shelter therein;
- v. LUMA and PREPA reported that approximately 300,000 clients had electric service and that they expect a large portion of service to be restored by tomorrow; and
- vi. PRASA reported that approximately 40% of its clients had water service.

11. During today's press conference, the Government also announced that the Financial Management Service, the federal agency that supervises the Nutritional Assistance Program ("PAN," for its acronym in Spanish) in Puerto Rico, determined PAN participants may purchase prepared hot meals until September 25, 2022 in 3,000 commercial establishments certified by the Administration of Socioeconomic Family Development.

12. The Government also announced that the Puerto Rico Department of Economic Development and Commerce is in the process of activating an incentive program for small and medium businesses to obtain up to \$50,000.00 for damages caused by Hurricane Fiona, specifically, for losses of materials, structural damages, and equipment damages.<sup>15</sup>

13. The Government continues to focus its resources and efforts on safeguarding the welfare and safety of its residents and on ensuring Puerto Rico's prompt recovery.

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<sup>15</sup> See PROGRAMA DE ASISTENCIA ECONÓMICA DE EMERGENCIA PARA PYMES PUERTORRIQUEÑAS AFECTADAS POR EL HURACÁN FIONA, <http://www.refuerzoeconomico.ddec.pr.gov/incentivos2022>



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San Juan, Puerto Rico

Respectfully submitted,

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